

**701—14.2(422,423,77GA,ch1130) Retail bracket system for state sales and local option sales and service tax.** When practicable, the retailer must add the sales tax or the average equivalent thereof to the sale price and collect the same from the consumer or user. Competing retailers and organizations or associations of retailers may provide uniform methods for passing state and local option sales and use tax to the consumer with the cooperation of the department.

Pursuant to the foregoing provisions, the department has adopted the following bracket system for the application of state sales and service tax:

## TAX SCHEDULE

FROM	TO	TAX AMOUNT	FROM	TO	TAX AMOUNT
\$0.00	- \$0.09	= \$0.00	\$2.90	- \$3.09	= \$0.15
0.10	- 0.29	= 0.01	3.10	- 3.29	= 0.16
0.30	- 0.49	= 0.02	3.30	- 3.49	= 0.17
0.50	- 0.69	= 0.03	3.50	- 3.69	= 0.18
0.70	- 0.89	= 0.04	3.70	- 3.89	= 0.19
0.90	- 1.09	= 0.05	3.90	- 4.09	= 0.20
1.10	- 1.29	= 0.06	4.10	- 4.29	= 0.21
1.30	- 1.49	= 0.07	4.30	- 4.49	= 0.22
1.50	- 1.69	= 0.08	4.50	- 4.69	= 0.23
1.70	- 1.89	= 0.09	4.70	- 4.89	= 0.24
1.90	- 2.09	= 0.10	4.90	- 5.09	= 0.25
2.10	- 2.29	= 0.11	5.10	- 5.29	= 0.26
2.30	- 2.49	= 0.12	5.30	- 5.49	= 0.27
2.50	- 2.69	= 0.13	5.50	- 5.69	= 0.28
2.70	- 2.89	= 0.14	5.70	- 5.89	= 0.29

For sales larger than \$5.89, tax is to be computed at straight 5 percent; one-half cent or more should be treated as one cent.

The department has adopted the following combined bracket system for state and local option sales and service tax, assuming the existence of a 5 percent state and 1 percent local option sales and service tax.

## COMBINED TAX SCHEDULE

FROM	TO	TAX AMOUNT	FROM	TO	TAX AMOUNT
\$0.00	- \$0.08	= \$0.00	\$2.92	- \$3.08	= \$0.18
0.09	- 0.24	= 0.01	3.09	- 3.24	= 0.19
0.25	- 0.41	= 0.02	3.25	- 3.41	= 0.20
0.42	- 0.58	= 0.03	3.42	- 3.58	= 0.21
0.59	- 0.74	= 0.04	3.59	- 3.74	= 0.22
0.75	- 0.91	= 0.05	3.75	- 3.91	= 0.23
0.92	- 1.08	= 0.06	3.92	- 4.08	= 0.24
1.09	- 1.24	= 0.07	4.09	- 4.24	= 0.25
1.25	- 1.41	= 0.08	4.25	- 4.41	= 0.26
1.42	- 1.58	= 0.09	4.42	- 4.58	= 0.27
1.59	- 1.74	= 0.10	4.59	- 4.74	= 0.28
1.75	- 1.91	= 0.11	4.75	- 4.91	= 0.29
1.92	- 2.08	= 0.12	4.92	- 5.08	= 0.30

## COMBINED TAX SCHEDULE

FROM	TO	TAX AMOUNT	FROM	TO	TAX AMOUNT
2.09	- 2.24	= 0.13	5.09	- 5.24	= 0.31
2.25	- 2.41	= 0.14	5.25	- 5.41	= 0.32
2.42	- 2.58	= 0.15	5.42	- 5.58	= 0.33
2.59	- 2.74	= 0.16	5.59	- 5.74	= 0.34
2.75	- 2.91	= 0.17	5.75	- 5.91	= 0.35

For sales larger than \$5.91, tax is to be computed at straight 6 percent; one-half cent or more should be treated as one cent.

When practicable, the department will cooperate with retailers in applying either of the tax schedules set out in this rule. In no event will the schedules be administered in any manner that will result in the collection of substantially more than 5 percent of the amount on which state sales and service tax is to be computed or substantially more than 6 percent of the amount on which one state and local option sales and service tax is to be computed, or 7 percent if a jurisdiction imposes local option sales and service tax pursuant to Iowa Code chapter 422B and the local option school infrastructure sales and services tax pursuant to Iowa Code chapter 422E in addition to the state sales tax.

The department has adopted the following combined 7 percent bracket system for state and both previously mentioned local option sales and service taxes, assuming the existence of a 5 percent state sales tax rate and local option tax rates of 1 percent each.

## COMBINED 7 PERCENT TAX SCHEDULE

FROM	TO	TAX AMOUNT	FROM	TO	TAX AMOUNT
\$0.00	- \$0.07	= \$0.00	\$2.93	- \$3.07	= \$0.21
0.08	- 0.21	= 0.01	3.08	- 3.21	= 0.22
0.22	- 0.35	= 0.02	3.22	- 3.35	= 0.23
0.36	- 0.49	= 0.03	3.36	- 3.49	= 0.24
0.50	- 0.64	= 0.04	3.50	- 3.64	= 0.25
0.65	- 0.78	= 0.05	3.65	- 3.78	= 0.26
0.79	- 0.92	= 0.06	3.79	- 3.92	= 0.27
0.93	- 1.07	= 0.07	3.93	- 4.07	= 0.28
1.08	- 1.21	= 0.08	4.08	- 4.21	= 0.29
1.22	- 1.35	= 0.09	4.22	- 4.35	= 0.30
1.36	- 1.49	= 0.10	4.35	- 4.49	= 0.31
1.50	- 1.64	= 0.11	4.50	- 4.64	= 0.32
1.65	- 1.78	= 0.12	4.65	- 4.78	= 0.33
1.79	- 1.92	= 0.13	4.79	- 4.92	= 0.34
1.93	- 2.07	= 0.14	4.93	- 5.07	= 0.35
2.08	- 2.21	= 0.15	5.08	- 5.21	= 0.36
2.22	- 2.35	= 0.16	5.22	- 5.35	= 0.37
2.36	- 2.49	= 0.17	5.36	- 5.49	= 0.38
2.50	- 2.64	= 0.18	5.50	- 5.64	= 0.39
2.65	- 2.78	= 0.19	5.65	- 5.78	= 0.40
2.79	- 2.92	= 0.20	5.79	- 5.92	= 0.41

For sales larger than \$5.92, tax is to be computed at straight 7 percent; one-half cent or more should be treated as one cent.

This rule is intended to implement Iowa Code chapters 422 and 423 as amended by 1998 Iowa Acts, chapter 1130.